

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of DTE Gas)	
Company for a gas cost recovery)	Case No. U-17332-R
Reconciliation proceeding for the 12 months)	
<u>ending March 31, 2015</u>)	

NOTICE OF PROPOSAL FOR DECISION

The attached Proposal for Decision is being issued and served on all parties of record in the above matter on March 20, 2017.

Exceptions, if any, must be filed with the Michigan Public Service Commission, 7109 West Saginaw, Lansing, Michigan 48917, and served on all other parties of record on or before April 12, 2017, or within such further period as may be authorized for filing exceptions. If exceptions are filed, replies thereto may be filed on or before April 26, 2017.

At the expiration of the period for filing exceptions, an Order of the Commission will be issued in conformity with the attached Proposal for Decision and will become effective unless exceptions are filed seasonably or unless the Proposal for Decision is reviewed by action of the Commission. To be seasonably filed, exceptions must reach the Commission on or before the date they are due. **The Commission has selected this case for participation in its Paperless Electronic Filings Program. No paper documents will be required to be filed in this case.**

MICHIGAN ADMINISTRATIVE HEARING
SYSTEM
For the Michigan Public Service Commission

Sharon L. Feldman
Administrative Law Judge

March 20, 2017
Lansing, Michigan

STATE OF MICHIGAN
MICHIGAN ADMINISTRATIVE HEARING SYSTEM
FOR THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of DTE Gas)	
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Reconciliation proceeding for the 12 months)	
<u>ending March 31, 2015</u>)	Case No. U-17332-R

PROPOSAL FOR DECISION

I.

PROCEDURAL HISTORY

On June 29, 2015, DTE Gas Company (DTE Gas) filed its Gas Cost Recovery (GCR) reconciliation under section 6h(12) of Act 304¹ for the GCR year ending March 31, 2015. DTE Gas's application identified a net overrecovery of \$1.0 million, including DTE Gas's estimated net underrecovery of \$85 million from the prior GCR year. The application was accompanied by the testimony and exhibits of James A. Brunell, W. Bernard Kramer, Robert G. Lawshe, and Sherri M. Moore.

At the September 3, 2015 prehearing conference, DTE Gas, Staff, and Attorney General Bill Schuette appeared, intervention was granted to the Attorney General, and a consensus schedule was established. To accommodate DTE Gas's filing of revised testimony, a second prehearing conference was held on April 25, 2016; DTE Gas filed

¹ See 1982 PA 304, MCL 460.6h(12).

the revised testimony and exhibits of Mr. Brunell on May 25, 2016, and a new schedule was subsequently established by agreement of the parties.

Consistent with this schedule, on October 6, 2016, Staff filed the testimony and exhibits of Gretchen M. Wagner, and the Attorney General filed the testimony and exhibits of Sebastian Coppola, and DTE Gas filed the rebuttal testimony and exhibits of Ms. Moore and Mr. Lawshe on November 10, 2016. At hearings held on December 7, 2016, the testimony of DTE Gas witnesses Brunell and Kramer, Staff witness Ms. Wagner, and Attorney General witness Mr. Coppola were bound into the record without the need for them to appear, while Mr. Lawshe and Ms. Moore appeared and were cross-examined on their testimony. The parties filed briefs on January 12, 2017; DTE Gas and the Attorney General filed reply briefs on February 3, 2017.

The evidentiary record is contained in 281 pages of transcribed testimony and 47 exhibits, as well as portions of testimony given in prior dockets, of which official notice was taken by agreement of the parties. Official notice was taken of DTE Gas's filing in Case No. U-17332;² official notice was taken of George H. Chapel's and Renee M. Tomina's testimony in Case No. U-17999;³ and official notice was taken of Barbara J. Goodwin's testimony in Case No. U-16921.⁴ The record is discussed in more detail below.⁵

² See Tr 154-155.

³ See Tr 159-161.

⁴ See Tr 188-189.

⁵ Unless otherwise stated, transcript references are to volume 3 of the filed transcripts. References to transcripts from other dockets include the case and volume numbers.

II.

OVERVIEW OF THE RECORD

This section presents a general overview of the direct and rebuttal testimony presented by the parties.

A. DTE Gas

As noted above, DTE Gas presented the testimony of four witnesses. Ms. Moore is Senior Gas Supply and Planning Analyst in the Gas Supply and Planning Department at DTE Gas.⁶ Her direct testimony presented a review of DTE Gas's actual operations for the GCR year, and a comparison of actual operations to the company's GCR plan.⁷ She also specifically identified operational challenges during the GCR year and the actions DTE Gas took in response.

Ms. Moore first summarized key elements of the company's GCR plan, explaining that DTE Gas expected to begin the year with a total of 11.2 Bcf in storage for GCR and Gas Customer Choice (GCC) customers, including 2 Bcf of convertible base gas, and that DTE Gas expected normal weather sendout of 165.6 Bcf, leaving a storage balance of 9.2 Bcf at the end of the GCR year. She testified that DTE Gas planned to adjust summer purchases to meet an October storage target of 70.1 Bcf, including 2 Bcf of convertible base gas, and to maintain adequate storage balances throughout the winter to meet peak day deliverability requirements.⁸ Ms. Moore testified that throughout the year, DTE Gas updated its plan at least monthly to reflect past

⁶ Ms. Moore's educational background includes a Bachelor of Science degree in business and a Master of Science degree in finance. Her qualifications are further detailed at Tr 24-25.

⁷ Ms. Moore's testimony, including her rebuttal and cross-examination testimony, is transcribed at Tr 19-93.

⁸ See Tr 26-27.

activity and revised forecasts, including variations in sales due to weather, changes in the number of customers, customer usage, and migration between GCR and GCC programs, as well as storage inventory, supply, and lost and unaccounted for gas variances. She presented Exhibit A-8 graphically comparing planned gas purchases to actual purchases by month.⁹

Ms. Moore explained that in February of 2014, within the 2013/2014 GCR year but after DTE Gas had filed its plan for this 2014/2105 GCR year in Case No. U-17332, DTE Gas reclassified the 2 Bcf of convertible base gas to working gas. She cited Mr. Lawshe's testimony in Case No. U-17131-R for additional details.¹⁰ She also testified that DTE Gas discovered in the 2013/2014 winter that its storage facilities did not perform to design levels, resulting a deliverability issue for that prior 2013/2014 GCR year as well as for this 2014/2015 GCR year.¹¹ Ms. Moore testified that for the 2014/2015 GCR year, the deliverability issue did not reduce the 71.9 Bcf 2014-2015 winter cyclable storage capacity allocated to serve the GCR and GCC customers because DTE Gas purchased a 4.8 Bcf parking service.¹² She explained that this service consisted of DTE Gas paying a counterparty to store gas in DTE Gas's gas storage facility for a specified amount of time, providing an additional 301 Mcf/day to meet the March design peak day deliverability requirement.¹³

Ms. Moore reviewed the normal weather assumptions included in DTE Gas's GCR plan in comparison to actual weather for the year.¹⁴ She testified that the April

⁹ See Tr 28-29.

¹⁰ See Tr 29, 31-32.

¹¹ See Tr 29-30.

¹² See Tr 30.

¹³ See Tr 30-31.

¹⁴ See Tr 32-34.

through October 2014 weather was on average 2.8% colder than normal, with only May and June warmer than normal. For the winter, she testified that the November 2014 to March 2015 weather was on average 15.7% colder than normal, with colder-than-normal weather every month except December. Her Exhibit A-10 shows normal and actual heating degree days in Metro Detroit for the GCR year, also reflected in Exhibit A-12. Her Exhibit A-9 compares planned normal-weather sendout to actual sendout by source and disposition for the summer and winter periods and for the year as a whole. She testified that actual supply was 12.2 Bcf higher than planned primarily due to the colder-than-normal weather.

Discussing storage operations during the GCR year, she presented Exhibit A-11 as a graphical representation of actual storage balances for GCR and GCC customers compared to the filed plan. She testified that the GCR year began with 1.4 Bcf less gas in storage than planned. She testified that DTE Gas updated its monthly summer purchases to meet its October 2014 target of 70.1 Bcf gas in storage, slightly exceeding the target by 0.3 Bcf.¹⁵ Ms. Moore also noted that 13,110 customers migrated from the GCC program to the GCR program during the summer months.¹⁶ She testified that DTE Gas ended winter with storage gas volumes 3.8 Bcf below the normal weather target of 11.2 Bcf.¹⁷

Discussing winter operations, Ms. Moore testified that colder-than-normal weather, higher storage utilization, updated projections for customer requirements, decreased GCC enrollment, and an increase in company use and lost gas volumes resulted in a 9.3 Bcf increase in supply from plan levels, and actual sendout that was

¹⁵ See Tr 35-36.

¹⁶ See Tr 36-37.

¹⁷ See Tr 39-40.

13.4 Bcf above plan totals.¹⁸ She specifically addressed the company's November 2014 decision to increase purchases for December 2014 by 4.6 Bcf and the company's February 2015 decision to increase GCR purchases for March 2015 by 5.2 Bcf due to colder-than-normal weather. Focusing on peak day operations, Ms. Moore testified that the actual winter peak day was February 19, 2015, with GCC/GCR sendout of 2.3 Bcf, 68% or 1.6 Bcf of which came from storage. She compared this peak day when the average Detroit temperature was 1°F., to the plan peak day sendout of 2.4 Bcf, with 1.4 Bcf from storage and an expected average temperature of -4° F.¹⁹

Ms. Moore testified to her opinion that DTE Gas's actions through the year were reasonable and prudent. She also presented rebuttal testimony and was cross-examined, as discussed below.

Mr. Lawshe is Manager of Gas Supply and Planning for DTE Gas.²⁰ He testified to support the reasonableness and prudence of DTE Gas's supply purchases for the GCR year.²¹ He testified that DTE Gas's purchases of 133.5 Bcf for the GCR year were 9.7 Bcf more than projected in its plan and cost \$51.6 million more than projected, primarily due to colder-than-normal weather, resulting in a per-Mcf cost that was \$0.09 greater than projected.²² He testified that DTE Gas followed its fixed-purchase-price guidelines and achieved a 75% ratio of fixed-price supply as of its plan filing in December 2013, and a 70% ratio on its total actual purchase, including the additional

¹⁸ See Tr 38-39.

¹⁹ See Tr 41.

²⁰ Mr. Lawshe's educational background includes a Bachelor of Science degree in civil engineering and a Master of Science degree in business administration; his qualifications are presented in more detail at Tr 98-99.

²¹ Mr. Lawshe's testimony, including his rebuttal and cross-examination testimony, is transcribed at Tr 94-195.

²² See Tr 103-105.

supplies purchased to meet colder-than-normal weather.²³ Mr. Lawshe described the company's fixed-price purchases, also shown in his Exhibit A-2. He testified that the price of fixed supplies exceeded the published spot-market index price by \$4.3 million, as calculated in that exhibit. He also explained the company's spot-market purchases, testifying that the index-priced supply purchased by DTE Gas exceeded the plan forecast by \$0.08 per Dth. His Exhibit A-3 summarizes gas purchases for both fixed-priced and index-priced supply, with total purchases of \$559.4 million shown by month in his Exhibit A-4.²⁴

Mr. Lawshe also testified in support of the reasonableness and prudence of DTE Gas's transportation costs. He testified that actual transportation costs were \$1.7 million greater than the plan forecast due to the parking service DTE Gas purchased, also discussed by Ms. Moore as noted above.²⁵ He testified that the parking service had a total cost of \$4.7 million, with only \$1.7 million of that paid in the 2014/2015 GCR year and the remainder to be paid in the following GCR year. He testified that the purpose of the parking service purchase was to secure deliverability requirements for GCR and GCC customers to meet winter peak requirements. He testified that the terms required the service provider to deliver 4.8 Bcf of gas at the rate of 40,000 Dth/day, from December 1, 2014 to March 31, 2015, with DTE Gas obligated to redeliver gas from April 1, 2015 to October 31, 2015, at the rate of 22,617 Dth/day.

²³ See Tr 100, 104-106. Mr. Lawshe's testimony at Tr 105 referencing December 2014 appears to be in error. Although DTE Gas may have had a 75% fixed-price purchase ratio as of December 2014, DTE Gas's fixed-purchase-price guidelines apply to fixed-price purchases made prior to the beginning of the GCR year, consistent with his testimony at Tr 100 (December 2013) and Tr 106 ("beginning of the reconciliation period"). The fixed-price purchases made in 2014 as shown in Exhibit A-2 were for deliveries the same month as the purchase date. Also see Mr. Lawshe's testimony in Case No. U-17332, at 5 Tr 144.

²⁴ See Tr 102-104.

²⁵ See Tr 100, 116.

DTE Gas agreed to pay a fee of \$0.96 per Dth or \$422,400 per month from December 2014 through October 31, 2015.²⁶ Mr. Lawshe testified that DTE Gas accepted the lowest bid from providers of this service.²⁷ Mr. Lawshe testified that the storage parking service costs were included in the Supplier of Last Resort (SOLR) reservation surcharges because the service was necessary to provide deliverability of storage gas to GCR and GCC customers.

Regarding the balance of DTE Gas's transportation costs, Mr. Lawshe testified that DTE Gas retained the same level of interstate transportation capacity as presented in its plan, and detailed certain changes to the contracts included in the company's plan, including the replacement of an ANR Pipeline Company (ANR) contract (the ANR-SE contract) with a contract on Panhandle Eastern Pipeline Company (PEPL) through October 2017, and the extension of the term of another ANR contract (the ANR-SW contract) also through October 2017.²⁸ He presented a summary of DTE Gas's transportation costs in his Exhibit A-5.

Mr. Lawshe also discussed the cashout credits not forecast in the plan but included in the reconciliation, also shown in Exhibit A-6, and DTE Gas's transactions with its affiliate MGAT, also shown in Exhibit A-7. Mr. Lawshe presented rebuttal testimony and was cross-examined on his testimony as discussed below.

Mr. Kramer is a Regulatory Compliance Consultant in the Regulatory Policy and Operations Department of DTE Energy Corporate Services LLC.²⁹ He discussed

²⁶ See Tr 114.

²⁷ See Tr 115.

²⁸ See Tr 117.

²⁹ Mr. Kramer's educational background includes a Bachelor of Science degree and Master of Science degree, both in economics. His qualifications are presented in more detail in his testimony at Tr 199-200. Mr. Kramer's testimony is transcribed at Tr 198-221.

significant regulatory events and actions taken by DTE Gas during the GCR year to minimize interstate transportation costs. He presented Exhibit A-14, showing applicable pipeline rates for the GCR year. He also reviewed two separate FERC filings by ANR, a settlement agreement filed by Viking Gas Transmission Company and approved by FERC, and the positions taken by DTE Gas in those dockets. He also specifically identified contract and rate changes not reflected in the company's plan case.³⁰

Mr. Brunell is a Consultant in the Regulatory Affairs department of DTE Gas.³¹ He presented the derivation of DTE Gas's cost of gas for the GCR year, including its calculated overrecovery of \$2 million including interest.³² He also presented the reconciliation of the SOLR reservation charges and costs for GCC customers, identifying a total overrecovery of \$789,000 including interest. The company's reconciliation is Exhibit A-15, with supplemental data in Exhibit A-16, the GCR storage cost calculation in Exhibit A-17, the interest calculation in Exhibit A-18, and the reservation charge reconciliation for GCC customers in Exhibit A-19.

Mr. Brunell explained that he revised exhibits A-15, A-18 and A-19 to reflect concerns expressed by Staff with DTE Gas's initial approach. He testified that this is the first year the reservation charge revenues have been included in the reconciliation, and that the balances were combined with GCR balances, with the interest calculations on monthly balances assigned exclusively to GCR customers. He acknowledged Staff's concerns regarding the equity of this approach, but also expressed a concern that separately reconciling GCR and SOLR reservation charges for GCR customers could

³⁰ See Tr 220-221.

³¹ Mr. Brunell's educational background includes a Bachelor of Arts degree in economics, and a Master of Business Administration degree; his qualifications are further detailed at Tr 224-225.

³² Mr. Brunell's testimony is transcribed at Tr 223-236.

lead to an inequitable situation in which DTE Gas is paying interest at the rate of 10.5% on the overcollection of revenues for GCR customers and earning significantly less interest on the undercollection of revenue for the SOLR reservation charge.³³ He proposed an alternative that reconciles the GCR factor and reservation charge revenues for GCR customers on a combined basis, with a separate reconciliation for GCC customers.³⁴

Mr. Brunell testified that the total cost of purchased gas for the GCR year, including transportation and GCC program costs, was \$604 million, as reported on his Exhibit A-15, page 2, line 1. He testified that the total GCR cost of gas sold for the GCR year was \$569 million, as shown on line 11 of Exhibit A-15, page 2, for total supplies of 134 Bcf, with an average cost of \$4.26 per Mcf, shown on the next line.³⁵ Mr. Brunell reviewed elements of the calculation of the total GCR cost of gas sold, including the storage cost calculations reflecting net storage withdrawals for the year of 4.5 Bcf, a \$2 million adjustment for prior period storage gas costs, also shown in Exhibit A-17, lines 19-23, and costs related to “sales with no GCR factor” including gas used by the company, lost and unaccounted for gas, and gas-in-kind.³⁶ Mr. Brunell testified that the cost for April-December storage activity was \$182 million, reflecting the injection of 35 Bcf, while January through March storage withdrawals cost \$169 million, priced at the estimated 2015 LIFO rate of \$4.25/Mcf.³⁷ He testified that sales with no GCR factor are priced at the jurisdiction rate as shown in Exhibit A-15, using the method approved in Case No. U-7777-R.

³³ See Tr 227-228.

³⁴ See Tr 228-229.

³⁵ See Tr 231.

³⁶ See Tr 233-234.

³⁷ See Tr 232-233.

Mr. Brunell also discussed “net recoverable costs” that DTE Gas does not consider part of the cost of gas sold but includes in the reconciliation, including prior year’s underrecovery, unauthorized sales penalties and excess storage fees from end-use transportation customers, and GCC pipeline reservation costs net of credits.³⁸ In this context, Mr. Brunell identified that prior year underrecovery included in the company’s reconciliation as \$85 million, pending a final order in Case No. U-17131-R. Finally, Mr. Brunell identified total GCR revenue of \$647 million and described the interest calculations on the monthly reconciliation balances that are included in the calculation of the GCR-year overrecovery.³⁹

B. Attorney General

Mr. Coppola is an independent energy business consultant and President of Corporate Analytics, Inc.⁴⁰ Mr. Coppola analyzed DTE Gas’s filing on behalf of the Attorney General, and presented three recommendations resulting in a calculated overrecovery of \$4.1 million including interest for GCR customers, and \$1.4 million for GCC customers for GCC reservation charge, as shown in his Exhibits AG-6 and AG-9. First, Mr. Coppola recommended that the Commission exclude \$972,626 in costs incurred under DTE Gas’s ANR-Alpena transportation contract, testifying that these costs should be considered O&M costs recovered through base rates based on the settlement agreement approved by the Commission in Case No. U-16999.⁴¹ Mr. Coppola testified that the ANR-Alpena contract is necessary for DTE Gas to provide

³⁸ See Tr 234.

³⁹ See Tr 235-236.

⁴⁰ Mr. Coppola’s testimony is transcribed at Tr 251-278. Mr. Coppola’s educational background includes a Bachelor of Science degree in accounting, and a Master of Business Administration degree; his qualifications are set forth at Tr 252-254 and in Appendix A to his testimony at Tr 268-278.

⁴¹ See Tr 256, 257-262.

service to its Alpena service territory because that area is not directly connected to DTE Gas's main transmission system. He testified that the first contract (Contract No. 117263) expired in December 2013, and provided for ANR to deliver up to 50,000 dth per day of natural gas to DTE Gas's Alpena gate station during the winter season, and 20,000 dth per day during the summer season. He testified that DTE Gas's new contract (Contract No. 122065) added an additional 30,000 dth per day during the summer season.⁴² Mr. Coppola cited exhibits from Case No. U-17131-R for a chronology of contract revisions and copies of contracts. He also presented Contract No. 122065 including its February 25, 2015 amendment as his Exhibit AG-2. Mr. Coppola explained that in Case No. U-16999, DTE Gas proposed to include the costs of ANR-Alpena transportation contract in base rates as an O&M expense, on the basis that the transportation should be considered an extension of DTE Gas's own transmission system connecting its storage facilities at Woolfolk to the Alpena gate station. He testified that the parties to the rate case agreed to this treatment in a settlement agreement that was approved by the Commission. Mr. Coppola then testified that DTE Gas has included \$972,626 in costs associated with its current ANR-Alpena contract in its GCR reconciliation, citing line 1 of Exhibit A-5. He also cited the Commission's decision in Case No. U-17131-R, which excluded \$35,069 in costs incurred under Contract No. 117263 from the GCR cost reconciliation.

Mr. Coppola cited the monthly transportation fee calculations in his Exhibit AG-1 showing that DTE Gas directed ANR to make "secondary service" gas deliveries under the contract to the Sparta-Muskegon gate station, and is charging the cost of these

⁴² See Tr 257-258. Mr. Coppola identifies December 2014 as the effective date of the new contract, but as shown in Exhibit AG-2, the contract became effective January 1, 2014.

deliveries to the GCR cost of gas. He viewed DTE Gas's allocation of some of the cost of winter transportation to the GCR cost of gas as inconsistent with his understanding of DTE Gas's motive for expanding the transportation capacity, to add transportation capacity to deliver gas supply from the ANR Alliance receipt point to DTE Gas's Alpena gate station during the summer months.⁴³ He further testified that the use of the Sparta-Muskegon delivery point is not specified in the contract.⁴⁴ He characterized the "secondary delivery service" as an attempt by DTE Gas to shift recovery of costs to the GCR mechanism and "obfuscate the true nature of the ANR-Alpena transportation service."⁴⁵ Mr. Coppola also objected to the allocation of capacity release credits associated with this contract, citing Exhibit AG-1 to show that the capacity release credits are assigned to O&M while the most of the transportation costs are assigned to the GCR cost of gas.⁴⁶

Mr. Coppola's second recommendation to the Commission was a recommendation to exclude the GCR-year costs associated with the storage parking service DTE Gas purchased.⁴⁷ After reviewing Mr. Lawshe's and Ms. Moore's direct testimony on this topic, Mr. Coppola objected that neither witness provided any support or analysis as to why this transaction was reasonable and prudent, or what other alternatives were explored before entering the \$4.6 million deal.⁴⁸ He also expressed a concern that DTE Gas used a third party to provide this service rather than using its own storage capacity dedicated to Midstream Storage Services (Midstream), arguing

⁴³ See Tr 260.

⁴⁴ See Tr 260-261.

⁴⁵ See Tr 261.

⁴⁶ See Tr 261.

⁴⁷ See Tr 262-265.

⁴⁸ See Tr 263.

that DTE Gas should have reserved a portion of this storage capacity for its own customers when it became clear that additional storage deliverability was necessary. Mr. Coppola also testified that the settlement agreement approved in Case No. U-16999 did not prevent DTE Gas from using the additional storage capacity. He cited DTE Gas's objections to providing information in discovery regarding its third-party storage arrangements, included in Exhibit AG-4, as demonstrating "a lack of transparency."⁴⁹ Mr. Coppola also cited information from DTE Gas's most recent rate case indicating that it received 2015 revenues of \$6.9 million from providing park and loan services, and projected 2016 revenues of \$7.2 million for these services.⁵⁰ Mr. Coppola then testified that DTE Gas contracted for the parking service on behalf of GCR customers with one of the same customers it provides this service to through Midstream.⁵¹

The third adjustment recommended by Mr. Coppola was a revision to DTE Gas's prior-year underrecovery amount of \$84,769,524, to reflect the underrecovery amount of \$84,733,258 per the Commission's June 9, 2016 order in Case No. U-17131-R.⁵²

C. Staff

Ms. Wagner is an Auditor with the Financial Analysis and Audit Division of the MPSC.⁵³ Ms. Wagner presented a revised gas cost recovery calculation that makes a formatting change and five technical adjustments to the reconciliation filed by DTE Gas. Staff's reconciliation calculation is presented in Exhibit S-1. Ms. Wagner explained that Staff began with the format of Exhibit A-15, but moved the prior-year underrecovery to

⁴⁹ See Tr 264.

⁵⁰ See Tr 264.

⁵¹ See Tr 265.

⁵² See Tr 265-266.

⁵³ Ms. Wagner's educational background includes a Bachelor of Arts degree in accounting and a Master of Science degree in accounting. Ms. Wagner's qualifications are further detailed at Tr 241-243; her testimony is transcribed at Tr 240-249.

become the beginning balance for the reconciliation, rather than treating it as an additional recoverable cost, and then added the interest calculation as part of the calculation. As the first of five technical changes, Ms. Wagner recommended that the prior year underrecovery balance of \$84,733,258 be used as the beginning balance for the GCR year, citing the Commission's June 9, 2016 order in Case No U-17131-R and noting that DTE Gas filed for rehearing of that order.⁵⁴ Second, she testified that Staff corrected June, August, and October gas costs, with the revised costs included on line 20 of Exhibit S-1.⁵⁵ Third, she testified that purchase volumes for August, September, and October should be corrected as shown on line 1 of Exhibit S-1, with corresponding corrections to the lost and unaccounted for gas volumes for those months as shown on line 7 of Exhibit S-1.⁵⁶ Fourth, she testified the adjustments to the monthly purchase cost and volumes resulted in a change to the jurisdictional rate, shown on line 26 of Exhibit S-1.⁵⁷ Fifth, she testified that a "hard-keyed reduction" in March unbilled current month revenue should be removed.⁵⁸ She testified that as a result of these changes, Staff's revised overrecovery for the GCR year is \$2,061,759, or approximately \$52,000 greater than DTE Gas's calculated overrecovery.

D. Rebuttal

DTE Gas witnesses Ms. Moore and Mr. Lawshe presented rebuttal testimony. In her rebuttal, Ms. Moore addressed Mr. Coppola's recommendations regarding the gas parking service. She presented Exhibit A-21 to show DTE Gas's consideration of

⁵⁴ See Tr 245.

⁵⁵ See Tr 245-246.

⁵⁶ See Tr 246.

⁵⁷ See Tr 246-247.

⁵⁸ See Tr 247-248.

11 alternatives including the firm parking service DTE Gas purchased. She testified that DTE Gas rejected actual purchases of gas as high cost and high risk, and testified that likewise DTE Gas rejected storage service as an alternative, characterizing it as both high cost and high risk, and testifying that it was also rejected to avoid burdening other customer groups.⁵⁹ She testified that the price risk in certain options was due to the uncertainty in the summer price to fill storage.⁶⁰ She testified that the parking service DTE Gas selected was the lowest risk and least cost alternative.⁶¹

Addressing Mr. Coppola's testimony regarding DTE Gas's incentive to retain revenues associated with leasing storage service to third parties through Midstream, she testified that the decision not solely based on the impact to Midstream services, but made after analyzing various strategies to mitigate the deliverability deficiency. She testified that the use of Midstream storage capacity was analyzed in cases 5 and 5A in Exhibit A-21, and was rejected because it was too expensive or high risk, without considering the opportunity cost related to using Midstream storage space.⁶² Addressing Mr. Coppola's testimony that DTE Gas received \$6.9 million in revenues in 2015 from Midstream service offerings, she testified that such revenues are irrelevant in a GCR proceeding.⁶³

In his rebuttal testimony, Mr. Lawshe addressed the company's allocation to the GCR and GCC customers of a portion of the costs associated with DTE Gas's ANR-Alpena transportation contract. He testified that the transportation costs for this

⁵⁹ See Tr 45, 47.

⁶⁰ See Tr 47-48.

⁶¹ See Tr 48.

⁶² See Tr 49.

⁶³ See Tr 50.

contract were presented in the plan case and approved by the Commission.⁶⁴ He testified that the dual purpose of the new contract was both to replace the expiring ANR-Alpena contract and to replace the Great Lakes Gas Transmission (Great Lakes) contract. He disputed that the additional 30,000 dth/day for the summer months reflected in the new contract was to serve the Alpena market in the summer.⁶⁵ Mr. Lawshe testified that the ANR-Alpena contract saves \$3 million for the GCR customers in comparison to service from Great Lakes, and presented Exhibit A-20 to show DTE Gas's analysis of the benefits of expanding service from ANR through this contract.⁶⁶

Mr. Lawshe addressed the Commission's order in Case No. U-17131-R. He testified that reservation charges under this agreement that DTE Gas has assigned to the GCR and GCC customers did not exist at the time of the reconciliation in Case No. U-17131-R, so these charges were not addressed in that case.⁶⁷ He testified that the new contract provides added services at an additional cost of \$972,626. He also testified that \$962,511 in costs under the current contract were included in DTE Gas's approved GCR plan, citing the Commission's April 23, 2015 order in the plan case, Case No. U-17332.⁶⁸

Addressing Mr. Coppola's testimony regarding capacity release credits, and Exhibit AG-1, he testified that Mr. Coppola has confused commodity costs with the SOLR reservation charge, testifying that transportation capacity costs are assigned to the SOLR cost category, rather than the cost of gas. He testified that DTE Gas's

⁶⁴ See Tr 121, 130-131.

⁶⁵ See Tr 132-133.

⁶⁶ See Tr 133-134.

⁶⁷ See Tr 129.

⁶⁸ See Tr 130.

allocation prevents double recovery, and that to do otherwise “would violate the settlement agreement.”⁶⁹ He testified that capacity release credits for “out-of-path” capacity releases were assigned to O&M, while “in-path” capacity release credits were assigned as an offset to transportation capacity costs.

E. Cross-Examination

Ms. Moore was cross-examined primarily on her rebuttal testimony by the Attorney General. She acknowledged that she reports to Mr. Lawshe, and testified regarding the parking service that DTE Gas began looking at alternatives after the 2013-2014 winter, when the storage field deliverability issue arose. She reviewed details of the 4.8 Bcf park service, including the timing and quantity of deliveries to DTE Gas, the timing and quantity of returns by DTE Gas, and the timing of the payments of the total \$4.6 million fee paid by DTE Gas.

She acknowledged that she did not discuss DTE Gas’s analysis of alternatives in her direct testimony, and disclaimed knowledge of what was included in Mr. Lawshe’s testimony. She also reviewed some of the calculations underlying Exhibit A-21, reiterating that the analysis was a collaborative effort. She testified that Mr. Lawshe was responsible for the pricing analysis;⁷⁰ she testified that “system planning” developed the “total requirements” underlying Exhibit A-21 and she was not responsible for that analysis;⁷¹ and she also deferred to Mr. Lawshe regarding the analytic conclusion that certain of the purchasing options would have exceeding the company’s

⁶⁹ See Tr 137.

⁷⁰ See Tr 72.

⁷¹ See Tr 75

fixed-price purchase ratio, indicating that she is not involved in purchasing.⁷² Additionally, she testified regarding discovery responses entered into the record as Exhibits AG-10 through AG-12, and regarding DTE Gas's 2015/2016 plan case, Case No. U-17691, in which the analysis in Exhibit A-21 was also presented.

Mr. Lawshe was also cross-examined by the Attorney General. He responded to questions regarding the history of the ANR-Alpena contract,⁷³ testifying that the new contract was entered into in March of 2013, became effective January 1, 2014, and runs until April 30, 2028. He also acknowledged discovery response from Case No. U-17131-R in Exhibits AG-15, AG-16 and AG-17. He testified that the new contract (No. 122065) has also been amended as of February 2015.

Mr. Lawshe also responded to questions regarding his direct testimony in this case and in the plan case regarding the ANR-Alpena contract. Mr. Lawshe acknowledged that in discussing the ANR-Alpena contract in the plan case, Case No. U-17332, he did not provide specific testimony addressing the portion of contract costs charged to GCR customers, but testified that the costs were included in his exhibits, citing Exhibits A-9 and A-11 in that plan case.⁷⁴ He testified that the analysis he presented in his Exhibit A-20 in this case was also provided as a discovery response in the plan case, and answered additional questions regarding that analysis.⁷⁵ He also acknowledged that he did not discuss the contract in his direct testimony in this case, only in his rebuttal testimony.⁷⁶ And he testified that in its recent gas rate case,

⁷² See Tr 72-73, 75.

⁷³ See Tr 139- 150.

⁷⁴ See Tr 150-151; also see Exhibit AG-18.

⁷⁵ See Tr 184-187.

⁷⁶ See Tr 157.

Case No. U-17999, DTE Gas has requested recovery of \$1.3 million annually relative to the ANR-Alpena contract.

Mr. Lawshe also responded to questions regarding the division of the contract capacity reservation and transportation costs between O&M and the cost of gas, including the information contained in Exhibit AG-1. He acknowledged DTE Gas's discovery response in Exhibit AG-1, but testified that the discovery response contained errors in the schedule for certain months, as explained in subsequent the discovery responses in Exhibits AG-20 to AG-22.⁷⁷ Mr. Lawshe also responded to questions regarding the allocation of capacity release credits, reviewing his discovery responses in Exhibits AG-23 and AG-24.⁷⁸ He testified that DTE Gas does not pay separately for in-path and out-of-path capacity.⁷⁹ He further testified that the credits for out-of-path capacity releases are credited to O&M expense rather than the cost of gas because out-of-path capacity has no value to GCR customers.⁸⁰ Mr. Lawshe was also asked about the use of secondary delivery points under other maximum-rate transportation contracts, which DTE Gas provided in Exhibit AG-25.⁸¹

Turning to the storage parking service contract, Mr. Lawshe was also asked about DTE Gas's 2012/2013 GCR plan, Case No. U-16921, whether storage capacity released from GCR customers would be recallable, and asked about the contract DTE Gas entered into for that service.⁸²

⁷⁷ See Tr 163-174.

⁷⁸ See Tr 174-179.

⁷⁹ See Tr 176.

⁸⁰ See Tr 177.

⁸¹ See Tr 180-182.

⁸² See Tr 188-190.

On redirect, Mr. Lawshe again reviewed the allocation of costs for the ANR-Alpena contract, testifying that the variable cost of transportation gas for system integration was charged to O&M and the variable costs of transportation for system supply was charged to the GCR cost of gas.⁸³ He also testified that he did not prepare Exhibit AG-1 and is not responsible for any mistakes in that exhibit.

In lieu of calling Mr. Brunell to be cross-examined, DTE Gas stipulated at Staff's request to the following: DTE Gas reviewed the adjustments proposed by Ms. Wagner; DTE Gas agrees to Ms. Wagner's adjustments; DTE Gas agrees with the presentation of the adjustments in Exhibit S-1; and based on the beginning balance the Commission ordered in Case No. U-17131-R, DTE Gas agrees that an overrecovery of \$2,061,759 is the correct ending GCR balance in this case.⁸⁴

III.

POSITIONS OF THE PARTIES

DTE Gas, Staff, and the Attorney General filed briefs in this case, and DTE Gas and the Attorney General filed reply briefs.

In its initial brief, Staff recommends that the Commission adopt its adjustments to DTE Gas's reconciliation, as explained by Ms. Wagner in her testimony. Staff explains that its adjustments are not disputed.

The Attorney General argues that the Commission should adopt the transportation cost exclusion and parking service disallowance recommended by Mr. Coppola. Regarding his recommendation that the Commission remove \$972,626 of

⁸³ See Tr 191-192.

⁸⁴ See Tr 237-238.

ANR-Alpena costs, the Attorney General argues that the issue presented in this case is the same as presented in Case No. U-17131-R, contending that the nature and function of the contract has not changed.⁸⁵ The Attorney General argues that even if the contract is also used for a purpose or function other than system integration, the transportation capacity reservation charges totaling \$870,704 should still be fully assigned to O&M expense. The Attorney General also argues that capacity release credits have been wrongly assigned to O&M expense.⁸⁶

Regarding his recommendation that the Commission disallow recovery of \$1.7 million in costs incurred in the GCR year for the parking service, the Attorney General argues that DTE Gas has not adequately justified the expense, further arguing that DTE Gas did not provide support for the expense in its direct testimony. Citing Case No. U-16921, the Attorney General also argues that DTE Gas failed to explain why it did not consider providing the service itself using additional storage capacity.⁸⁷

DTE Gas argues that the decisions it made and costs it incurred in the GCR year were reasonable and prudent, and were consistent with its GCR plan or not precluded by the plan. DTE Gas also argues that it took all appropriate legal and regulatory actions to minimize the cost of gas, and that its system operations were reasonable and prudent. In connection with its system operations, DTE Gas discusses two specific adjustments to its operating plan that it views as significant: the conversion of 2 Bcf of convertible base gas in the prior GCR year; and the 4.8 Bcf parking service it purchased to address the failure of its storage facilities to perform at the expected level in the prior

⁸⁵ See Attorney General brief, pages 4-9.

⁸⁶ See Attorney General brief, pages 6-7.

⁸⁷ See Attorney General brief, pages 9-11.

GCR year. DTE Gas also argues that its supply decisions were reasonable and prudent, specifically discussing its VCA purchasing method.⁸⁸

DTE Gas adopts Staff's revisions to its GCR reconciliation calculations, resulting in a calculated overrecovery of \$2,061,759, and requests that the Commission adopt its method for reconciling the reservation charges for GCR and GCC customers as reflected in its revised Exhibits A-15 and A-19, arguing that this method was not opposed by any party.⁸⁹

DTE Gas also opposes the Attorney General's recommended disallowances. Regarding the ANR-Alpena transportation cost allocation, DTE Gas argues that the issue was resolved in the Commission's November 22, 2016 order in case No. U-17691, and further argues that the allocation it proposes is consistent with the settlement agreement approved in Case No. U-16999 and principles of contract interpretation.⁹⁰ Regarding the 4.8 Bcf parking service, DTE Gas relies on Ms. Moore's and Mr. Lawshe's testimony, arguing that DTE Gas accepted the lowest bid for this service and properly included the GCR-year costs in the SOLR reservation charge.⁹¹

DTE Gas asks the Commission to make the following findings of fact: 1) DTE Gas took all appropriate legal and regulatory actions to minimize the cost of purchased gas; 2) DTE Gas's system operations for the GCR year were reasonable and prudent; 3) DTE Gas's supply decisions for the GCR year were reasonable and prudent; and 4) DTE Gas has a total over-recovery including interest for the 2014-2015 GCR period of \$2,061,759.

⁸⁸ See DTE Gas brief, pages 19-24.

⁸⁹ See DTE Gas brief, pages 26-29.

⁹⁰ See DTE Gas brief, pages 29-39.

⁹¹ See DTE Gas brief, pages 38-39.

IV.

DISCUSSION

Subsection 12 of MCL 460.6h provides for an annual reconciliation of GCR costs as follows:

Not less than once a year, and not later than 3 months after the end of the 12-month period covered by a gas utility's gas cost recovery plan, the commission shall commence a proceeding, to be known as a gas cost reconciliation, as a contested case pursuant to chapter 4 of Act No. 306 of the Public Acts of 1969. Reasonable discovery shall be permitted before and during the reconciliation proceeding in order to assist parties and interested persons in obtaining evidence concerning reconciliation issues including, but not limited to, the reasonableness and prudence of expenditures and the amounts collected pursuant to the clause. At the gas cost reconciliation the commission shall reconcile the revenues recorded pursuant to the gas cost recovery factor and the allowance for cost of gas included in the base rates established in the latest commission order for the gas utility with the amounts actually expensed and included in the cost of gas sold by the gas utility. The commission shall consider any issue regarding the reasonableness and prudence of expenses for which customers were charged if the issue could not have been considered adequately at a previously conducted gas supply and cost review.

Subsection 13 requires the Commission to provide a refund or credit for any net amount determined to have been recovered in excess of the amounts actually expensed by the utility for gas sold and "to have been incurred through reasonable and prudent actions not precluded by the commission order in the gas supply and cost review." Subsection 14 requires the Commission to provide for the recovery from customers of any net amount not recovered over the period that is determined to have been "actually expensed by the utility for gas sold, and to have been incurred through reasonable and

prudent actions not precluded by the commission order in the gas supply and cost review.”

Based on their briefs as discussed above, the parties agree that DTE Gas has a net overrecovery, but disagree as to the extent of that overrecovery. Staff’s undisputed adjustments are discussed below in subsection A. Subsections B and C address the accounting for the costs of the ANR-Alpena transportation contract, while subsection D addresses the Attorney General’s proposed disallowance of the parking service costs.

A. Staff adjustments

As discussed above, Ms. Wagner made five adjustments to the reconciliation calculations, which are reflected in Exhibit S-1. Also at the evidentiary hearing, DTE Gas stipulated that these changes are appropriate. Staff urges the Commission to make these changes in its brief; DTE Gas also acknowledges in its brief that the changes are appropriate. Based on DTE Gas’s stipulations at the hearing and on the briefs of the parties, there is no dispute that Staff’s adjustments to the company’s reconciliation statement are appropriate and should be adopted. These adjustments include Staff’s revisions to the beginning balance, to certain monthly purchase costs and volumes, to corresponding lost and unaccounted for gas volumes and the jurisdictional rate, and to correct a numerical error in DTE Gas’s spreadsheet. Mr. Coppola also recommended using the beginning balance based on the Commission’s June 9, 2016 order in Case No. U-17131-R. Note that when Staff recommended using the underrecovery approved in the Commission’s June 9, 2016 order in Case No. U-17131-R as the beginning balance, Staff noted that this order was subject to DTE Gas’s pending request for rehearing in that case. Subsequently, the

Commission's January 12, 2017 order in that docket denied rehearing. Thus, subject to the evaluation of the Attorney General's recommendations in the following subsections, DTE Gas's overrecovery for GCR customers is properly stated in Exhibit S-1 as \$2,061,759, and its overrecovery for GCC customers is properly stated in Exhibit A-19 as \$788,813.

B. ANR-Alpena contract costs

The Attorney General argues that the Commission should classify approximately \$926,000 in costs associated with the current ANR-Alpena transportation contract (Contract No. 122065) as O&M expense rather than GCR costs, based on the settlement agreement approved by the Commission in Case No. U-16999, which established DTE Gas's base rates until those rates were more recently revised in Case No. U-17999. In its December 20, 2012 order in Case No. U-16999, the Commission approved a settlement agreement that based its stipulated revenue increase in part on the following:

Inclusion of the Operations and Maintenance expense ("O&M") associated with the ANR transportation agreement used to serve the Company's Alpena market and MichCon's agreement that the Company shall take a position in future GCR reconciliation proceedings that prevents double recovery of this ANR transportation expense.⁹²

The ANR-Alpena contract in effect at that time was Contract No. 117623, and DTE Gas (then Michigan Consolidated Gas Company) asked to characterize the contract costs as an O&M expense because the contract was used to transport system gas to serve the

⁹² See December 20, 2012 order, Case No. U-16999, attached settlement agreement, paragraph 3(c), pages 2-3.

Alpena area, rather than to bring system supply onto DTE Gas's system.⁹³ In his initial brief, the Attorney General also cites the Commission's January 12, 2017 order in Case No. U-17131-R, finding that the ANR-Alpena contract costs at issue in that case were properly characterized as O&M costs based on the settlement agreement in Case No. U-16999.

The record shows that DTE Gas entered into Contract No. 122065 in March of 2013, with a contract effective date of January 1, 2014, and the contract was thus in effect through the GCR year.⁹⁴ There was some confusion on this point because the Attorney General refers to the new contract as entered into in December 2014,⁹⁵ and Mr. Coppola testified that Contract No. 122065 started in December 2014,⁹⁶ although Exhibit AG-2 shows the contract effective date and although Mr. Lawshe corrected the Attorney General's use of this date in his discovery response in Exhibit AG-17, and confirmed the contract effective date in his cross-examination.⁹⁷

DTE Gas argues that this contract has significantly increased capacity in comparison to the contract that was the subject of the settlement agreement, and is no longer used solely to transmit system gas to Alpena, but is also used to obtain system supply. Mr. Lawshe explained that DTE Gas evaluated the economics of expanding the capacity through a new contract with ANR relative to other options when deciding whether to continue to contract with Great Lakes for the transportation of system supply gas. He presented this analysis in Exhibit A-20 to show that by increasing the capacity under contract with ANR, DTE Gas saved \$3 million in GCR costs.

⁹³ See Lawshe, Tr 126-127, 139-142; Coppola, Tr 258.

⁹⁴ See Exhibit AG-2, Tr 144, 149.

⁹⁵ See Attorney General brief, page 5.

⁹⁶ See Tr 257-258

⁹⁷ See Tr 144, 149, and see Exhibit AG-17.

DTE Gas disputes that the Commission's order in Case No. U-17131-R is applicable to the new contract. DTE Gas relies on the Commission's November 22, 2016 order in Case No. U-17691, addressing cost recovery of the costs associated with the current ANR Alpena contract, Contract No. 122605, and approving DTE Gas's proposed allocation of the capacity and commodity costs of this contract between O&M and GCR costs. In Case No. U-17691, the Commission explained:

In the PFD, the ALJ recommended that the Commission find that DTE Gas properly allocated the capacity costs. Specifically, the ALJ explained that in Case No. U-16999, the Commission approved the inclusion of capacity costs resulting from Contract No. 117623 in base rates given the parties' stipulation that this capacity represented an extension of the utility's gas transportation system from Woolfolk to Alpena. The ALJ further reasoned that, Contract No. 117623 was replaced by Contract No. 122065, which added an additional 30,000 Dth/day summer capacity at the added cost of \$963,908. The ALJ found the added expense appears reasonable. The PFD quoted DTE Gas testimony distinguishing system supply capacity and system integration capacity and explaining that base rates recover the costs associated with system integration capacity and the GCR mechanism recovers the remaining costs attributable to the system supply capacity. The ALJ found this allocation of costs to be reasonable and to avoid double recovery. Therefore, he recommended the Commission approve DTE Gas's allocation as part of the GCR plan.⁹⁸

The Commission reviewed the exceptions taken by the Attorney General and the response by DTE Gas and concluded that the cost allocation presented by DTE Gas was reasonable.⁹⁹

In his reply brief, the Attorney General argues that the Commission's decision in that case is not binding on the Commission in this case, arguing that this case should be decided on its own record:

⁹⁸ See November 22, 2016 order, Case No. U-17691, pages 33-34.

⁹⁹ See November 22, 2016 order, Case No. U-17691, page 35.

To begin with, res judicata and collateral estoppel principles don't generally apply in the commission ratemaking setting. *Pennwalt Corp v PSC*, [166 Mich App 1, 9 (1988)] (stating that "[s]ince ratemaking is a legislative, rather than a judicial function, the administrative determination made by the commission in setting rates is not 'adjudicatory in nature,' . . . [t]hus, res judicata and collateral estoppel cannot apply in the pure sense.") In fact, this Commission recently made this same statement in U-17505 when it stated that "utility companies are well aware that prior Commission orders are not binding precedent. Each case is decided on the merits of the evidence and arguments of the parties." (October 16, 2014 Commission Order, Case No. U-17505, p 8.)¹⁰⁰

This PFD agrees that this case should be decided on the record, but it also important to recognize that the Commission has already found that the settlement agreement in Case No. U-16999 permits the allocation of transportation capacity and commodity costs as proposed by DTE Gas. The Attorney General has not identified any information on this record that would change that interpretation. While the Commission is not required to strictly adhere to preclusion doctrines such as res judicata and collateral estoppel, the Attorney General's request that the Commission reach a different conclusion in this case, regarding the interpretation of the same settlement agreement and the same ANR-Alpena contract, should at a minimum meet the Commission-articulated standards for reconsideration of that decision, and identify new evidence that was not available to the Commission, or other change in circumstance that would justify a different result.¹⁰¹ The Attorney General has not made

¹⁰⁰ See Attorney General reply brief, pages 5-6.

¹⁰¹ In *Pennwalt*, the Michigan Court of Appeals also stated following the passage quoted by the Attorney General: "[T]his does not mean that the question of the reasonableness of the costs of the wastewater treatment facility had to be completely relitigated in case number U-6949. The precise question was litigated in case number U-6488, where the commission found the costs to be reasonable. To have the same proofs, exhibits, and testimony repeated would be a waste of the commission's resources. Rather, we feel that placing the burden on plaintiff to establish by new evidence or by evidence of a change in circumstances that the costs were unreasonable adequately balances the competing considerations of

any such showing. Thus, this PFD finds that it is appropriate to allocate pipeline capacity reservation costs and per-Mcf transportation costs as DTE Gas has allocated them, with the exception of capacity release credits, which are discussed separately in subsection C below.

C. Capacity Release Credits

Related to the issue of the contract capacity and commodity costs associated with the ANR-Alpena contract is the issue of the proper allocation of capacity release credits received by DTE Gas. Note that the allocation of capacity release credits does not seem to have been addressed in the plan case, as DTE Gas does not project any capacity release credits as part of the plan case cost projections.¹⁰²

As shown in Exhibit AG-1, DTE Gas received a total of \$348,000 in capacity release credits in administering the ANR-Alpena contract during the GCR year.¹⁰³ As noted above, the Attorney General took issue only with the allocation of capacity release credits in the summer months, because DTE Gas allocated 60% of the capacity costs for the summer months to the GCR and GCC reservation charges, and the remaining 40% to O&M expense, while the winter capacity costs were allocated to O&M expense. Of the total \$34,861 in capacity release credits DTE Gas received for capacity releases in April through October, DTE Gas allocated \$2,896 or 8.3% to GCR costs for the month of October as an offset to the reservation charges, retaining the remainder of the credits as an offset to its O&M expenses. DTE Gas did not address

administrative economy and allowing plaintiff the chance to challenge the rate increase.” *Pennwalt Corp v PSC*, 166 Mich App 1, 9 (1988).

¹⁰² See Lawshe, Tr 116.

¹⁰³ The sum of the capacity payments for each month of the GCR year, stated separately in Exhibit AG-1, is \$348,008.50.

this allocation in its direct testimony in this case, but included the \$2,854 in capacity release credits in line 2 of Exhibit A-5. Mr. Lawshe did address the allocation in his rebuttal testimony, as noted above, and in discovery responses. In responding to Mr. Coppola's testimony, Mr. Lawshe testified:

Q. Do you agree with Witness Coppola's testimony on page 10, lines 10-16 wherein he discusses capacity release credits and the allocation between O&M and Cost of Gas?

A. No, I do not. In his testimony on page 10, Witness Coppola states, "Exhibit AG-1 shows that capacity release credits for the months of April to September 2014 are assigned in their entirety to O&M and none to cost of gas. This is done despite the fact that the Company is assigning most of the cost of transportation service in those months to GCR Cost of Gas. The amount of capacity release credits during those months was \$26,114. Again, it seems the Company wants to have it both ways, that is, charge GCR customers for the cost of transportation but retain the full benefit of transportation capacity release credits as a reduction to O&M expense." This is an inaccurate statement on the part of the witness.

Q. In what manner do you believe that this is an inaccurate statement from Witness Coppola?

A. The Witness is confusing the Commodity Cost of the GCR Cost of Gas with the SOLR Reservation Charge and the manner of handling capacity release credits. Capacity release credits are allocated toward the SOLR Reservation Charge, which is paid by both GCR and GCC customers and not toward the GCR Cost of Gas at all. Therefore, it is incorrect for Witness Coppola to list the cost of transportation service in those months to GCR Cost of Gas. The cost of transportation service is assigned to the SOLR Reservation Charge and not to the GCR Cost of Gas.

Q. How does DTE Gas determine when capacity release is credited as an offset to O&M in base rates and when it is credited to the SOLR Reservation Charge?

A. Credit received from the pipeline for primary path capacity release are allocated to base rates and SOLR Reservation

Charge in proportion to the capacity held for system integration in base rates and the capacity held for gas supply in the SOLR Reservation Charge. All credit received from the pipeline for out of path capacity released are allocated as an offset to O&M in base rates.¹⁰⁴

In cross-examination, Mr. Lawshe also testified as follows:

[T]he reason that we do that is because that this is capacity that is neither, the out of path capacity is neither used for or needed by GCR customers. The out of path capacity has no value to the GCR customers. The only opportunity for that out of path capacity is for Midstream Services to either perform exchange services on that out of path capacity or to release that capacity. This is part of their optimization function to use that capacity to lower the base rates for all customers.¹⁰⁵

In its reply brief, DTE Gas relies on Mr. Lawshe's testimony, arguing:

Mr. Lawshe explained that the AG is confusing the Commodity Cost of the GCR Cost of Gas with the SOLR Reservation Charge and the manner of handling capacity release credits. Capacity release credits are allocated toward the SOLR Reservation Charge, which is paid by both GCR and GCC customers and not toward the GCR Cost of Gas at all. Therefore, it is erroneous for the AG to assert that the Company is assigning most of the cost of transportation service in those months to GCR Cost of Gas. The cost of transportation service is assigned to the SOLR Reservation Charge and not to the GCR Cost of Gas (3T 135-136).¹⁰⁶

This PFD finds that DTE Gas has not established that "out-of-path" capacity release credits should be allocated entirely to O&M. The information in Exhibit AG-1 shows that the capacity release credits were associated with the release of 40,000 to 50,000 dth/day in the summer period, i.e. April 1 through October 31, when the cost of 20,000 dth/day of capacity is allocated to O&M and the cost of the additional 30,000 dth/day of capacity is allocated to GCR and GCC costs.

¹⁰⁴ See Tr 135-136.

¹⁰⁵ See Tr 177.

¹⁰⁶ See DTE Gas reply brief, pages 6-7.

DTE Gas's explanation for its allocation of the capacity release credits is unpersuasive. Its response to Mr. Coppola's claim that capacity release credits should offset the cost of gas by first pointing out a distinction between gas commodity costs and costs captured by the reservation charges is merely a distraction, not a material distinction. Note that, as presented in DTE Gas's Exhibit AG-15, page 2, all capacity release credits allocated to GCR and GCC customers are included in line 1 labeled "purchased," under the heading "GCR cost of gas sold."

More significantly, although Mr. Lawshe distinguishes "out-of-path" and "in-path" capacity releases in justifying the differential cost allocation, neither he nor DTE Gas has explained why out-of-path capacity releases should be allocated entirely to O&M. By its own admission, DTE Gas released out-of-path capacity in quantities significantly in excess of the capacity it claims to hold for system integration purposes to serve the Alpena market in the summer period, 20,000 dth/day. Clearly, released capacity, whether out-of-path or in-path, is derivative of the rights DTE Gas holds under its contract with ANR, including applicable provisions of ANR's tariff. That the out-of-path capacity is not needed by GCR customers only explains why DTE Gas can release the capacity; all released capacity is presumptively not needed by GCR customers. In addition, DTE Gas's analysis of the economics of expanding the ANR-Alpena contract in comparison to the Great Lakes contract, shown in Exhibit A-20, included capacity release credits in the calculation of the GCR costs approximately on the order of magnitude of the costs at issue here, \$30,000 per year, rather than the approximately \$3,000 actually allocated to GCR costs.

This PFD finds that the capacity release credits DTE Gas received from April through October for capacity releases under its ANR-Alpena contract are attributable to capacity purchased under that contract, the cost of which is allocated 60% to GCR/GCC customers and 40% to O&M expense. This PFD concludes that the capacity release credits should therefore be allocated on the same basis as the underlying capacity costs are allocated between the GCR/GCC customer reservation charges and O&M expense. The resulting modification to DTE Gas's reconciliation calculations increases the capacity release credits allocated on Exhibit A-5 from \$2,896 to 60% of the total \$34,861 in credits received over that period, or \$20,917,¹⁰⁷ an increase of \$18,021. Based on Mr. Brunell's testimony, 22.37% of that amount (\$4,031) should be allocated as an offset to GCC reservation costs,¹⁰⁸ while the remainder (\$13,990) reduces the costs allocated to GCR customers. Using the format of Exhibit A-15, page 2, the total costs on line 1 would be reduced by \$18,021, and the amount on line 13 would be increased by \$4,031 to reflect the additional (22.37%) amount allocated to GCC reservation costs.¹⁰⁹

D. Storage parking service

The Attorney General argues that the Commission should disallow the approximately \$1.6 million DTE Gas spent during the GCR year on a parking service to address the deliverability issue that arose in the 2013/2014 GCR year. As noted above, the remainder of the total \$4.6 million cost of the parking service was incurred in the 2015/2016 GCR year. The Attorney General makes two principal arguments.

¹⁰⁷ \$34,861 x 60% = \$20,917.

¹⁰⁸ See Brunell, Tr 229-230.

¹⁰⁹ See Brunell, Tr 229-230.

First, citing Ms. Moore's testimony that the parking service allowed DTE Gas to maintain a cyclable storage capacity of 71.9 Bcf for GCR and GCC customers by providing an additional 201 MMcf peak-day deliverability, he argues that DTE Gas did not present its analysis of the parking service or alternatives considered as part of its direct case.¹¹⁰ The Attorney General acknowledged that Ms. Moore presented a rebuttal exhibit, Exhibit A-21, identifying some scenarios DTE Gas reviewed.¹¹¹ Second, the Attorney General argues that DTE Gas should have considered using its own storage facilities to provide this service, citing Mr. Coppola's testimony and arguing that storage capacity DTE Gas uses to provide storage service to third parties through Midstream is recallable to meet GCR operational needs.¹¹² The Attorney General also cites a portion of the testimony in Case No. U-16921 to support its argument regarding the availability of storage capacity for GCR customers.

Citing Ms. Moore's testimony, DTE Gas argues that it did consider use of the additional storage capacity without regard to the potential lost revenue from Midstream operations, and rejected this option based on cost and risk. Ms. Moore testified in rebuttal as follows:

Q. Do you agree with Witness Coppola's statement on page 13 of his direct testimony that the Company would have been better off with the Company using Midstream storage space and deliverability in lieu of the park service?

A. No. This alternative was identified on Exhibit A-21 in both Case 5 and Case 5A and both of those alternatives were rejected either because they were too expensive or too high of a cost risk as described above. It should be noted that the

¹¹⁰ See Attorney General brief, page 10.

¹¹¹ The Attorney General also identifies Exhibit A-20, which does not relate to this issue but instead to DTE Gas's analysis of the economics of replacing the Great Lakes contract with increased ANR-Alpena contract capacity. See Attorney General brief, page 10.

¹¹² See Attorney General brief, pages 10-11.

total cost identified on Exhibit A-21 does not take into consideration the opportunity cost related to using Midstream storage space.¹¹³

DTE Gas also disputes the Attorney General's characterization of the record in Case No. U-16921, arguing that the Attorney General has taken testimony from that record out of context. Additionally, DTE Gas addresses the Attorney General's claim that it did support the parking service in its direct testimony by citing Mr. Lawshe's testimony at Tr 115, indicating DTE Gas solicited bids for the parking service.

Turning first to the Attorney General's objection that the DTE Gas analysis in Exhibit A-21 was only presented in rebuttal, this PFD notes that the Attorney General did not move to strike the rebuttal testimony and exhibit, and the Attorney General does not claim prejudice from receiving the analysis only in rebuttal. Likewise, the Attorney General did not seek to provide surrebuttal testimony. Indeed, the Attorney General cross-examined Ms. Moore on Exhibit A-21, and presented additional information DTE Gas provided in discovery regarding this analysis in Exhibits AG-10 and AG-12. The Attorney General does not discuss Ms. Moore's responses on cross-examination, or these exhibits, in his briefs on this topic. On this basis, while it would clearly have been preferable for DTE Gas to present its analysis as part of its direct case, because the Attorney General did not claim any prejudice from the later presentation of this analysis, this PFD finds that the Attorney General was not prejudiced from the rebuttal presentation.

Turning next to DTE Gas's consideration of alternatives to the parking service, the parties dispute the extent to which DTE Gas storage capacity that has been leased to third parties through Midstream is "recallable". The parties seem to agree that the

¹¹³ See Tr 49.

settlement agreement in Case No. U-16999 most recently addressed the allocation of storage capacity to GCR and GCC customers. Mr. Coppola referenced this case in his direct testimony at Tr 264, as did Ms. Moore in cross-examination at Tr 77.¹¹⁴ The settlement agreement adopted in Case No. U-16999 states that the agreed-on revenue requirement is based on:

Allocation of 3.95 Bcf of additional gas storage space to MichCon's Midstream business as proposed and self-implemented in Case No. U-16921, and inclusion of the revenue associated with this additional storage allocation.¹¹⁵

The Attorney General cites a portion of Ms. Goodwin's testimony from Case No. U-16921, arguing: "DTE explained in U-16921 that it maintained 'recallable capacity to serve GCR/GCC customers based on operational factors.'¹¹⁶ The Attorney General argues that it is thus disingenuous for DTE Gas to find that use of this option is too expensive. In its reply brief, DTE Gas responds as follows, arguing that the Attorney General is taking Ms. Goodwin's testimony out of context. In fact, Company witness Ms. Goodwin testified in that case as follows:

"Third, the proposed storage allocation methodology meets Staff's requirement that **any GCR/GCC storage space that is released** would be recallable capacity to serve GCR/GCC customers based on operational factors." (MPSC Case No. U-16921: 2T 99) (Emphasis added.)

In other words, the "recallable capacity to serve GCR/GCC customers" that the AG is referring to is capacity that was originally GCR/GCC storage space in the first place. Such a condition is not present for the situation that required the purchase of the 4.8 Bcf Park, which Mr. Lawshe explained was necessary to maintain 71.9 Bcf of cycleable storage capacity to serve GCR and GCC customers and achieve the

¹¹⁴ The transcript references Case No. U-16699, but that is a clear error, since Case No. U-16699 involved only the City of Eaton Rapids.

¹¹⁵ See December 20, 2012 order, Case No. U-16999, page 2, and Attachment, page 3, paragraph 3(f).

¹¹⁶ See Attorney General brief, page 11, citing Case No. U-16921, 2 Tr 99.

winter 2014-15 deliverability requirement and not because there was any prior release of GCR/GCC storage (3T 114).¹¹⁷

Neither of these relatively hasty characterizations of Ms. Goodwin's testimony in Case No. U-16921 appear to completely characterize the Commission's orders on storage allocation. Instead, a review of the relevant cases shows that the 71.9 Bcf allocation was intended as a floor that could be revisited and revised in future cases, though not necessarily within a given GCR year.

Looking first at Michigan Consolidated Gas Company's 2011/2012 GCR plan case for context, before DTE Gas changed its name, in its April 17, 2012 order in Case No. U-16482, the Commission approved Staff's proposed storage allocation of 75.85 Bcf for GCR and GCC customers. The Commission explained:

Mich Con states that its total gas sendout has decreased and will continue to do so, and the company therefore proposes to reduce the amount of storage reserved for GCR and gas customer choice (GCC) customers by 8.3 billion cubic feet (Bcf), bringing the total from 80 Bcf (approved in the September 28 order) to 71.7 Bcf. Mich Con contends that this proposal is consistent with the storage allocation method presented in its last five-year plan.

The intervenors objected to the proposal, arguing that Mich Con did not rely on relevant weather data, and that the company should not be allowed to increase non-jurisdictional capacity.

The Staff agreed with the company that it should probably reduce storage, but recommended limiting the reduction to 4.15 Bcf, with 2 Bcf of that reduction designated as recallable.

The ALJ recommended adopting the Staff's middle-ground position, and allowing the utility to reduce GCR/GCC storage to 75.85 Bcf. The ALJ found that, while the record showed that a portion of the reduction in sendout is due to increased

¹¹⁷ See DTE Gas reply brief, page 11 (emphasis in original).

energy efficiency and other customer-based efforts, the utility failed to consider the extent to which the economy seems to be rebounding. The ALJ recommends a reduction of 4.15 Bcf, with 2 Bcf of that amount recallable, pending submission by the utility of a cost/benefit analysis supporting a different level of retained storage capacity.¹¹⁸

The Commission adopted the ALJ's recommendation.¹¹⁹ The 2 Bcf recallable capacity was further explained in the PFD:

The ALJ agrees with the Staff and finds that, although the Commission should allow Mich Con to reduce the amount of storage capacity reserved for its GCR/GCC customers, any such reduction should be limited to 4.15 Bcf, as opposed to the full 8.3 Bcf reduction sought by the utility [thus dropping the total volume of storage reserved for these customers from its current level of 80 Bcf to a new level of 75.85 Bcf]. The record clearly reflects that the company's total sendout has declined over the last several years, and further indicates that a substantial portion of that decline is based on increased energy efficiency and other customer-based efforts to reduce their natural gas usage. Nevertheless, the utility's analysis of this issue ignores, to a significant degree, the role that the downturn in Michigan's economy had on its overall sendout levels during the last few years. With economic indicators pointing toward an improved financial situation, at least for the near term, it would appear that the more moderate reduction suggested by the Staff's witness makes sense, at least until Mich Con presents a cost-benefit analysis for use in accurately identifying the most reasonable level of storage capacity to be reserved for GCR/GCC customers in the future. Moreover, in light of what appears to be at least a marginal resurgence in the state's overall economic forecast, the Staff's suggestion that 2.0 Bcf of the 4.15 Bcf storage reduction should be recallable (specifically, released for periods of one year or less), also appears to be in the best interest of both the utility and its customers.

As a result, the ALJ recommends that the Commission reject Mich Con's proposed 8.3 Bcf reduction in the amount of annual storage capacity held for use by its GCR/GCC customers, adopt the Staff's proposal to reduce that level by only 4.15 Bcf pending submission by the utility of a

¹¹⁸ See April 17, 2012 order, pages 6-7.

¹¹⁹ See April 17, 2012 order, page 8.

cost-benefit analysis supporting a different level of retained storage capacity, and further require that 2.0 Bcf of that capacity be released solely on a recallable basis.¹²⁰

Next, in its 2012/2013 plan case, Case No. U-16921, DTE Gas proposed to further reduce the storage allocated to GCR/GCC customers, as Ms. Goodwin discussed in the testimony now cited by the Attorney General and DTE Gas. In her direct testimony, Ms. Goodwin explained that DTE Gas proposed to reduce GCR/GCC storage allocation to 68.9 Bcf, based on DTE Gas's analysis of the optimal level of storage, subject to recall prior to the start of each GCR year.¹²¹ Ms. Goodwin explained what she meant by recallable as follows:

Recallable means MichCon would only plan for the release of the storage capacity for terms of 1 year or less. This recallable nature of the capacity allows MichCon to implement storage plans for the most recently filed GCR Plan period. Recallable capacity allows for flexibility if planned sendout increases or other similar operational factors necessitate recalling all or a portion of the capacity for GCR/GCC use in any future year beyond the most recently filed GCR Plan year.¹²²

She also explained the difficulties associated with revising storage allocations mid-GCR year.¹²³ She testified that DTE Gas would be self-implementing its storage proposal.

Staff presented an alternate recommendation in Case No. U-16921, recommending a "floor" amount of 71.9 Bcf cyclable storage, which is 3.95 Bcf below the level approved in Case No. U-16482. Ms. Goodwin addressed Staff's recommendation in her rebuttal testimony in Case No. U-16921.¹²⁴ She took issue with Staff's analysis, and continued to recommend DTE Gas's proposal, but she also

¹²⁰ See Case No. U-16482 PFD, pages 25-26.

¹²¹ See Case No. U-16921, 2 Tr 95-99.

¹²² See Case No. U-16921, 2 Tr 99.

¹²³ See Case No. U-16921, 2 Tr 100.

¹²⁴ See Case No. U-16921, 2 Tr 136-148.

testified that DTE Gas would be self-implementing Staff's proposed storage level of 71.9 Bcf, to avoid the regulatory risk associated with awaiting a final Commission order in the case.¹²⁵ This storage allocation is consistent with the Case No. U-16999 settlement agreement's allocation of an additional 3.95 Bcf to the Midstream business. Ms. Goodwin reiterated that once a GCR year starts, "it is too late for the Company to change its contracted supply and storage field operations to accommodate any ordered changes to the GCR/GCC storage allocation".¹²⁶ A review of Ms. Goodwin's testimony in the context of the prior Commission order in Case No. U-16482 and the settlement agreement in Case No. U-16999 indicates that DTE Gas intended to consider the appropriate storage allocation for GCR customers prior to the start of each GCR year, and that it could be increased at that point above the 71.9 Bcf floor used in Case No. U-16921 and adopted in Case No. U-16999. In her rebuttal testimony in Case No. U-16921, Ms. Goodwin explained:

MichCon's dynamic process does not limit the recallable portion of the released capacity to only 2 Bcf. All or a portion of the released GCR/GCC capacity can be recalled for GCR/GCC use in any future year beyond the most recently filed GCR Plan year, based on increases in planned sendout or other similar operational factors.¹²⁷

Similarly, in taking issue with Staff's proposal in that case, she objected that Staff's proposal would only allow the storage allocation to go above the 71.5 Bcf floor, and not below that amount:

Staff's own proposal recognizes the need for a dynamic process to determine the GCR/GCC storage allocation for a GCR plan year, as demonstrated by their proposed storage allocation that is equal to no less than 71.9 Bcf, but

¹²⁵ See Case No. U-16921, 2 Tr 147-148.

¹²⁶ See Tr 148.

¹²⁷ See Case No. U-16921, 2 Tr 141.

Ms. Royal's concept of a floor only recognizes the potential for a higher storage capacity need for GCR/GCC customers based on an incorrect belief that MichCon's sales have "leveled off". Moreover, if sales have leveled off as Staff claims, and continue to remain flat, then MichCon's dynamic storage method would not provide any more or less storage to GCR/GCC customers, and there would be no need to establish a floor. Additionally, it is an important operational objective to allow for adjustments in the amount of storage allocated to GCR/GCC customers due to changing market requirements such as changes in sales level and seasonal usage.¹²⁸

While the historical disputes involving the allocation of storage to GCR and GCC customers may be relevant in subsequent plan cases, however, in the present case the issue is whether DTE Gas should have increased the amount of storage allocated to GCR and GCC customers to address the deliverability issue that arose. In conducting its analysis of options to address the deliverability deficiency, Ms. Moore made clear that DTE Gas believed the 71.9 Bcf allocation to GCR and GCC customers should not be increased because "no other customer group should be burdened with the operational or financial responsibility" of restoring the deliverability¹²⁹. Ms. Moore also testified, however, that DTE Gas nonetheless evaluated alternatives that included the use of additional storage space. She identified these alternatives as Cases 5 and 5A in Exhibit A-21.

A review of the analysis reflected in Exhibit A-21 shows that Case 5 relied on increased purchases throughout the year to meet the deliverability requirement; it was estimated to increase the GCR cost of gas by \$3.3 million, and was rejected by DTE Gas.¹³⁰ In the comments column for this option, the exhibit states: "1) Risk of cost

¹²⁸ See Case No. U-16921, 2 Tr 141-142.

¹²⁹ See Tr 45.

¹³⁰ For additional information regarding the analysis, see Exhibit AG-10.

increase if summer 2015 prices drop, 2) exceed GCR/GCC storage fill capacity allocation, 3) exceeds Fixed Price Purchase Ratio.” Case 5A is labeled a “summer to summer park”; it was estimated to increase the GCR cost of gas by \$3.8 million, and was also rejected. The comments state: “1) Exceed[s] GCR/GCC October storage fill allocation.”

Notwithstanding these comments in Exhibit A-21, Ms. Moore explicitly testified that DTE Gas rejected alternatives 5 and 5A because they were more costly, with greater price risk.¹³¹ This testimony is quoted in part above and in DTE Gas’s brief. The Attorney General does not address this testimony in his briefs, and has not attempted to refute DTE Gas’s arguments based on this testimony. While the parking service DTE Gas ultimately purchased cost \$4.6 million rather than the \$3.8 million estimated in DTE Gas’s analysis, the Attorney General does not dispute DTE Gas’s assertion that the \$4.6 million expenditure was the result of competitive bidding, and does not argue that DTE Gas should have reconsidered its analysis when its initial cost estimate was shown to be in error. More fundamentally, while the Attorney General argues that DTE Gas should have increased the storage allocation available to GCR and GCC customers, the Attorney General does not challenge the fundamental premise underlying DTE Gas’s analysis that the use of storage is not cost free. While the company’s analysis may have been flawed, on its face it took into account the impact on the GCR cost of gas from additional use of storage in comparison to the cost of the storage parking service. The disallowance proposed by the Attorney General, however, is premised on the belief that the availability of additional storage space alone would have solved the deliverability issue.

¹³¹ See Tr 45, 49.

Based on the evidentiary record and the arguments of the parties, this PFD finds that DTE Gas analyzed the use of additional storage space, notwithstanding its belief that the storage allocated to GCR and GCC customers should not exceed 71.9 Bcf, and concluded that the parking service would be less costly and involve less price risk than the alternative of purchasing additional gas to fill storage and displacing future purchases. Since the Attorney General does not challenge the substance of this analysis, this PFD therefore concludes that the Commission should reject the disallowance proposed by the Attorney General.

V.

CONCLUSION

Based on the discussion above and the record evidence, this PFD makes the following findings and conclusions:

First, this PFD finds that it is appropriate to adopt DTE Gas's proposed findings of fact as follows, for the 2014/2015 GCR year: DTE Gas took all appropriate legal and regulatory actions to minimize the cost of purchased gas; DTE Gas's system operations for the GCR year were reasonable and prudent; and DTE Gas's supply decisions for the GCR year were reasonable and prudent.

Second, this PFD finds that the reconciliation calculations in Exhibit S-1 properly reflect the reasonable and prudent costs of DTE Gas's system operations and supply decisions during the GCR year, with the exception of the proper allocation of capacity release credits as discussed in section IV.C above, which increases the overrecovery by approximately \$13,990.

Third, this PFD finds that the reconciliation calculations in Exhibit A-19 as revised properly reflect costs and revenues assigned to the SOLR reservation charge for GCC customers, with the exception of the proper allocation of capacity release credits as discussed in section IV.C above, which increases the overrecovery by approximately \$4,031.

Fourth, this PFD recommends that the Commission reject the Attorney General's proposed exclusion of the capacity reservation and transportation charges associated with the ANR-Alpena contract for the reasons stated in section IV.B above.

Fifth, this PFD recommends that the Commission reject the Attorney General's proposed disallowance of the GCR-year costs of the 4.8 Bcf parking service DTE Gas purchased to meet March design-day storage deliverability targets for the reasons stated in section IV.D above.

MICHIGAN ADMINISTRATIVE HEARING
SYSTEM
For the Michigan Public Service Commission

Sharon L. Feldman
Administrative Law Judge

Issued and Served:
March 20, 2017

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

STATE OF MICHIGAN)		
)	SS.	Case No. U-17332-R
County of Ingham)		
_____)		

P R O O F O F S E R V I C E

Carol M. Casale being duly sworn, deposes and says that on March 20, 2017, she served a copy of the attached Proposal for Decision via First Class Mail, email and personal delivery to the persons as shown on the attached service list.

Carol M. Casale

Carol M. Casale

Subscribed and sworn to before me
This 20th day of March, 2017.

Lisa Felice
Notary Public, Eaton County, Michigan
My Commission Expires: April 15, 2020

CASE NO. U-17332-R
ATTACHMENT A

DTE GAS COMPANY

David S. Maquera
maquerad@dteenergy.com

Richard P. Middleton
middletonr@dteenergy.com
mpscfilings@dteenergy.com

MPSC STAFF

Lauren D. Donofrio, Assistant Attorney General
donofriol@michigan.gov

Brian A. Brandenburg, Assistant Attorney General
brandenburgb@michigan.gov

Meredith R. Beidler
beidlerm@michigan.gov

ATTORNEY GENERAL BILL SCHUETTE

Michael E. Moody, Assistant Attorney General
moodym2@michigan.gov